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CHINESE PEOPLE HOLDINGS COMPANY LIMITED

中民控股有限公司

(incorporated in Bermuda with limited liability) (stock code: 681)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 80% EQUITY INTERESTS IN THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on 20 September 2018 (after trading hours of the Stock Exchange), Beijing Zhongmin Ruoja (as the Purchaser), an indirect wholly-owned subsidiary of the Company, and Chongqing Grain Group (as the Seller) entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to purchase from the Seller and the Seller has conditionally agreed to sell the Purchaser the Sale Capital at the Consideration of RMB14,814,000.

Upon Completion, the Company will hold 80% of the equity interests in the Target Company, which will become a non-wholly owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the financial statements of the Group.

The Target Group is principally engaged in supermarket chain operations and other related businesses in Chongqing, the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 20 September 2018 (after trading hours of the Stock Exchange), the Purchaser and the Seller entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Capital at the Consideration of RMB14,814,000.

EQUITY TRANSFER AGREEMENT

- (I) Date : 20 September 2018
- (II) Parties : Beijing Zhongmin Ruoja (as the Purchaser); and
Chongqing Grain Group (as the Seller).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Seller is a limited liability company established in the PRC; (ii) the Seller is one of the 22 state-owned key enterprises, which is directly under the Chongqing Municipal Committee and is the largest grain enterprise group in the Southwestern China; and (iii) each of the Seller and its respective ultimate beneficial owners is an Independent Third Party.

The Purchaser is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company. The Purchaser is the investment management flagship of the Group in the supply chain business of food ingredients and fast moving consumer goods ("FMCG") in the PRC.

- (III) Acquisition : Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to purchase from the Seller and the Seller has conditionally agreed to sell to the Purchaser the Sale Capital.
- (IV) Consideration : Pursuant to the Equity Transfer Agreement, the consideration for the acquisition of the Sale Capital is RMB14,814,000, which shall be settled by Beijing Zhongmin Ruoja as follows:
- (a) a deposit of RMB4,400,000 has been paid by the Purchaser to the customer reserve fund account designated by Chongqing Assets and Equity Exchange (as the intermediary) as the benchmark deposit and form part of the Consideration on the date of the Equity Transfer Agreement; and
 - (b) RMB10,414,000 shall be paid by the Purchaser in cash to the Seller through Chongqing Assets and Equity Exchange within five Business Days after the date of the Equity Transfer Agreement.

The Consideration was determined by the Seller and the Purchaser after arm's length negotiation with reference to the net assets value of the Target Group of approximately RMB18,518,000 at 31 March 2018. The Group has successfully acquired the Sale Capital through the public bidding on Chongqing Assets and Equity Exchange, and approximately RMB85,000 will be paid to Chongqing Assets and Equity Exchange as the commission. The Directors consider that the terms and conditions of the Acquisition are on the normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

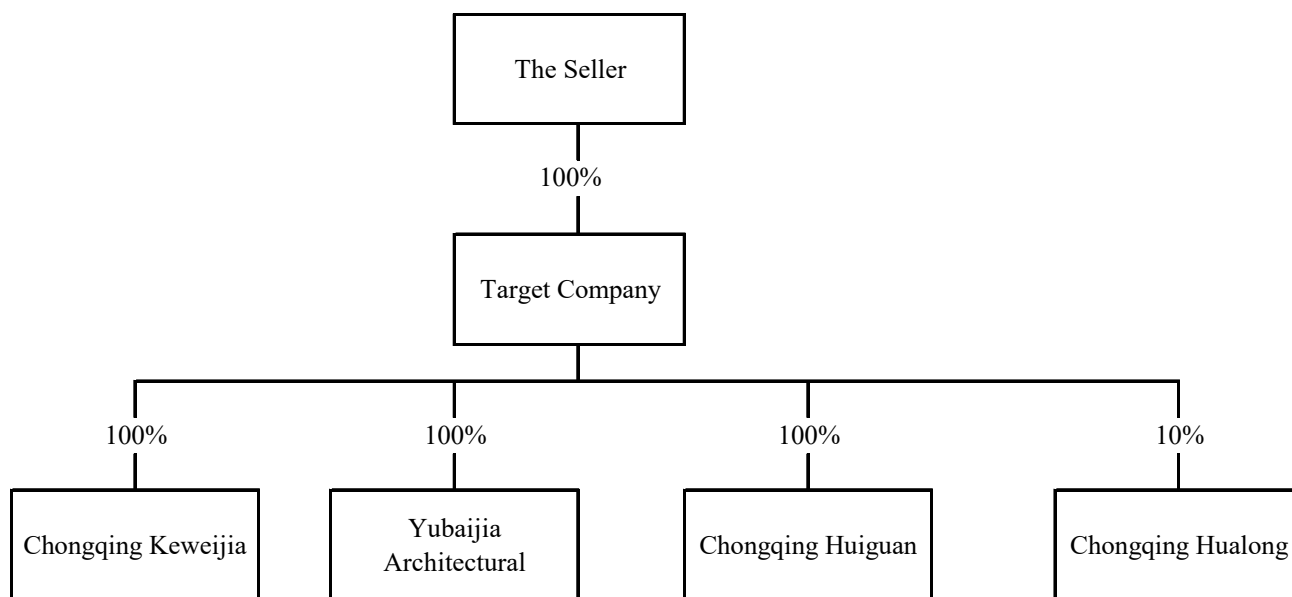
The Consideration will be funded by the internal resources of the Group.

(V) Completion : The transfer of the Sale Capital will be completed in accordance with the terms and conditions of the Equity Transfer Agreement. The date of Completion is 1 October 2018. The Target Company will become an 80% non-wholly owned subsidiary of the Group after Completion.

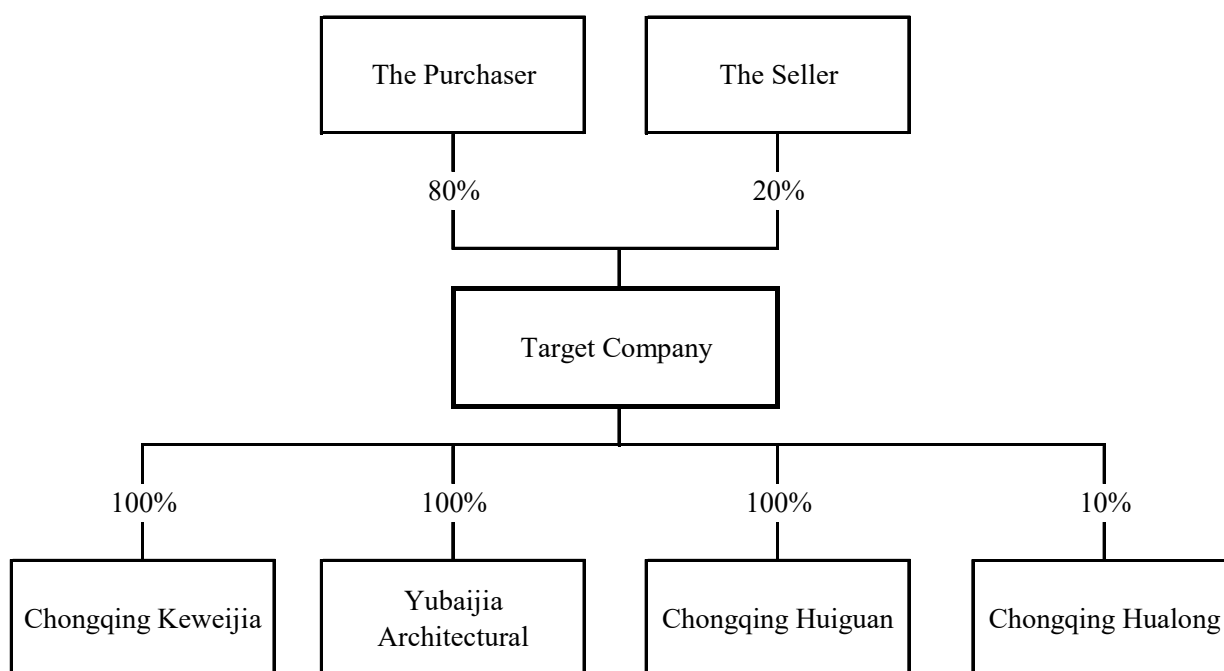
INFORMATION ON THE TARGET GROUP

The shareholding structure of the Target Group (i) as at the date of this announcement; and (ii) after Completion are set out below:

(i) As at the date of this announcement:



(ii) After Completion:



The Target Group is principally engaged in supermarket chain operations and other related businesses in Chongqing, the PRC.

The Target Company is established on 7 September 2011 in the PRC and is a wholly-owned subsidiary of Chongqing Grain Group. The principal activity of the Target Company is operating a comprehensive convenience supermarket chain that specialises in rice, noodles, oil, grain products and local agricultural products, supplemented with food, groceries, home appliances and fresh products. As at the date of this announcement, the Target Company has 23 direct-operated stores, including 2 shopping malls, and more than 30 franchised stores in the PRC.

Chongqing Kewejia is a wholly-owned subsidiary of the Target Company. It is principally engaged in the provision of general freight, freight agency, warehousing services, packaging services, and loading & unloading services.

Yubaijia Architectural is a wholly-owned subsidiary of the Target Company. It is principally engaged in crop planting, poultry breeding, provision of catering services, wholesale and retail.

Chongqing Huiguan is a wholly-owned subsidiary of the Target Company. It is principally engaged in the wholesale of prepackaged foods and dairy products (including infant formula milk powder).

Chongqing Hualong is a long-term equity investment (being 10% equity interests held) of the Target Company. It is principally engaged in technology development and technical consultation in the field of computer information technology; system integration and computer network engineering design.

The Target Group's net assets as at 31 March 2018 and 31 August 2018 was approximately RMB18,518,000 and RMB23,467,000 respectively. Set out below is the unaudited financial information of the Target Group for each of the years ended 31 December 2016 and 2017 and the eight months period ended 31 August 2018 prepared under the China Accounting Standards for Business Enterprises.

	Eight months ended 31 August 2018 RMB'000 (unaudited)	For the year ended 31 December 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	62,276	137,560	218,297
Profit (loss) (before tax and non-recurring items)	1,961	(20,827)	(6,673)
Profit (loss) (after tax and non-recurring items)	1,966	(21,690)	(6,320)

INFORMATION ON THE GROUP

The Company is as an investment holding company. The Group is principally engaged in the sales and distribution of fuel gas including the provision of piped gas, sales and distribution of cylinder gas and production and sales of barrelled drinking water in the PRC. The FMCG supply chain business will be the other business area that the Group intends to focus and actively develop on.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Directors have been looking for further investment opportunities to expand the existing business and maximise returns for the Shareholders. The Directors believe that the Acquisition presents a valuable opportunity to facilitate the Group to rapidly develop the FMCG retail business in Chongqing in a short term. Chongqing Grain Group is a large-scale state-owned enterprise group that integrates food planting, grain circulation, grain processing, grain storage, real estate development and investment and trading. It is an agricultural industrialisation leading enterprise as well as one of the 22 state-owned key enterprises, which is directly under the control of the Chongqing Municipal Committee. Through the Acquisition, the Group can also obtain resource support from Chongqing Grain Group, which is beneficial to the future of the FMCG supply chain business operation of the Group.

Based on the above factors, the Directors consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Acquisition”	the proposed acquisition of the Sale Capital by the Purchaser from the Seller in accordance with the terms and conditions of the Equity Transfer Agreement
“Beijing Zhongmin Ruojia” or “Purchaser”	Beijing Zhongmin Ruojia Supply Chain Management Co., Ltd.* (北京中民若家供應鏈管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday and public holiday) on which licensed banks in the PRC are generally open for business throughout their normal business hours
“Chongqing Assets and Equity Exchange”	Chongqing Assets and Equity Exchange Group* (重慶聯合產權交易所集團), a professional organisation engaged in provision of equity exchange and capital operation services
“Chongqing Grain Group” or “Seller”	Chongqing Grain Group Co., Ltd.* (重慶糧食集團有限責任公司), a limited liability company established in the PRC

“Chongqing Hualong”	Chongqing Hualong Baijia Technology Development Co., Ltd.* (重慶華龍百家科技發展有限公司), a company established in the PRC with limited liability on 18 June 2015, and is a long-term equity investment (being 10% equity interests held) of the Target Company
“Chongqing Huiguan”	Chongqing Huiguan Trading Co., Ltd.* (重慶暉冠貿易有限公司), a company established on 25 June 2013 in the PRC with limited liability and is a wholly-owned subsidiary of the Target Company
“Chongqing Kewejia”	Chongqing Kewejia Logistics Distribution Co., Ltd.* (重慶市客維佳物流配送有限責任公司), a company established on 23 June 2016 with limited liability in the PRC and is a wholly-owned subsidiary of the Target Company
“Company”	Chinese People Holdings Company Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the procedures for the transfer of the Sale Capital
“connected person(s)”	has the meaning ascribed to this term in the Listing Rules
“Consideration”	the consideration of RMB14,814,000 for the sale and purchase of the Sale Capital payable by the Purchaser to the Seller
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 20 September 2018 entered into by Beijing Zhongmin Ruoja (as the Purchaser) and Chongqing Grain Group (as the Seller) in relation to sale and purchase of the Sale Capital
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Group and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Capital”	80% of the registered capital of the Target Company

“Share(s)”	ordinary issued share(s) of HK\$0.07 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chongqing Yubaijia Supermarket Chain Co., Ltd.* (重慶渝百家超市連鎖有限責任公司), a company established on 7 September 2011 in the PRC with limited liability and is a wholly-owned subsidiary of the Seller
“Target Group”	the Target Company and the Target Subsidiaries
“Target Subsidiaries”	Chongqing Kewejia, Chongqing Hualong, Chongqing Huiguan and Yubaijia Architectural
“Yubaijia Architectural”	Chongqing Grain Group Yubaijia Architectural Technology Development Co., Ltd.* (重慶糧食集團渝百家農業科技發展有限責任公司), a limited liability company established on 26 October 2015 in the PRC and is a wholly-owned subsidiary of the Target Company
“%”	per cent

** for identification purpose only*

By order of the Board
Chinese People Holdings Company Limited
Mr. Fan Fangyi
Managing Director and Executive Director

Beijing, 20 September 2018

As at the date of this announcement, the Board comprises five Executive Directors namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Chu Kin Wang Peleus (Deputy Chairman), Mr. Fan Fangyi (Managing Director) and Miss Mo Yunbi, and three Independent Non-executive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.